Chairman's Report

1. Introduction

We are pleased to present the unaudited financial statements for six months ended 30 June 2012.

2. Review of Operations for six months ended 30 June 2012

The plant operated well during the six months of the current year and achieved 99.12% commercial availability as against 94.72% achieved during the same period in 2011. During this period, 738 GWh of electricity was exported to the grid – 12% above the electricity of 659GW exported for the same period in 2011. Since May 2009 the financial results of the company have been impacted by a higher interest cost claimed by the Company's project lenders who have invoked the 'Market Disruption Event' clause of the loan agreement. The resultant additional interest cost for the six months of the current year is RO 0.125m (US$ 0.325m).

3. Financial Results

a. ***Operating Revenue and Gross Profit***

The Company achieved a turnover of RO 9.850 million and a gross profit of RO 2.422 million.

b. ***Operating costs***

The operating costs were RO 7.428 million.

c. ***Administrative and General Expenses***

Administrative expenses amounted to RO 0.167 million and were well controlled.

d. Financing Expenses

Net financing costs were RO 0.745 million after factoring in the higher interest charged by the lenders on invoking the 'Market Disruption Event' clause of the loan agreement.

e. Net Profit

The net profit for the period was RO 1.330 million, 23% higher than the net profit for the same period in 2011, which was RO 1.084 million.

f. Trade and Other Receivables

At the end of the reporting period there were no overdue invoices payables by OPWP.

g. Cash and Bank Balances

The cash and bank balances at the end of the period amounted to RO 2.348 million.

4. Refinancing External debts of the Company

After extensively evaluating proposal received from bank to refinance the Company's external debt, the Company found that the proposal suffers from serious limitations and is not in the interest of the Company, and hence, has been abandoned.

Future Outlook

Plant availability is expected to remain high. The next major inspection of Gas Turbine 1B has been planned in November 2012.

Matti Castren
Chairman